

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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In the Matter of

Numbering Resource Optimization

COMMENTS
of the
GENERAL SERVICES ADMINISTRATION

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Summary

In these Comments, GSA addresses implementation of policies adopted by the Commission for optimum use of telephone numbering resources.

First, GSA addresses using achieved percentage fills for previously assigned central office codes as a condition for receiving additional codes. GSA explains that the Commission should not adopt uniform fill standards because reasonable fill targets depend upon factors that vary between incumbent and competitive LECs and among different types of local service areas. Moreover, GSA explains that carriers should be permitted to reserve numbers to meet business users' requirements for consecutive sequences and special number assignments.

Second, GSA addresses the importance of implementing thousands–block number pooling for wireless carriers as soon as possible after the forbearance period for local number portability deployment ends in November 2002. Wireless has become the primary communications medium for increasing numbers of consumers. It is not reasonable to support a system requiring wireline carriers to participate in pooling if wireless carriers do not have similar obligations.

Third, GSA explains that the Commission should not require carriers to pay for telephone numbers as a means of allocating numbering resources efficiently. A framework of numbering fees would create an additional obstacle to market participation by competitive LECs.

Finally, GSA explains that the Commission should not recover the costs of thousands–block number pooling through specific charges on end users. Once introduced, “cost recovery” plans tend to stay in place. Indeed, LECs' bills now contain many special charges and fees. Probably because recovery through designated extra charges gives the appearance of lower basic rates, carriers seem reluctant to treat any new cost as a part of general operating expenses. Moreover, a carrier with authority to pass through its “costs” has very little incentive to reduce them.

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The General Services Administration ("GSA") submits these Comments on behalf of the customer interests of all Federal Executive Agencies ("FEAs") on the Report and Order and Further Notice of Proposed Rulemaking ("Notice") released on March 31, 2000. This Notice seeks comments and replies on issues concerning optimal procedures for allocating telephone number resources.

I. INTRODUCTION

Pursuant to Section 201(a)(4) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 481(a)(4), GSA is vested with the responsibility to represent the customer interests of the FEAs before Federal and state regulatory agencies. From their perspective as end users, the FEAs have consistently supported the Commission's efforts to bring the benefits of competitive markets to consumers of all telecommunications services.

Efficient use of numbering resources is extremely important to GSA. Civilian and military agencies of the government require hundreds of thousands of telephone numbers. Moreover, the requirements on numbering resources for wireline and wireless services to thousands of government locations throughout the nation are

significantly, the Commission establishes mandatory thousands-block number pooling on a phased-in basis, subject to various restrictions.⁵

The steps described in the Notice will provide the basic structure necessary to begin numbering resource optimization efforts. However, to provide further guidance for implementation of numbering resource policies, the Commission asks parties to provide comments and replies on several questions:

- What utilization target should LECs be required to attain before receiving additional number allocations?
- Should wireless carriers be required to participate in number pooling immediately after expiration of the forbearance period for local number portability ("LNP") established for these carriers?
- Could allocation of numbering resources be enhanced by requiring LECs to pay fees for additional numbers?
- What costs will be incurred to implement the numbering resource policies adopted by the Commission?
- How should these costs be recovered?

GSA does not have any independent information on the costs of implementing numbering resource policies, but these Comments contain GSA's views on the other questions from the perspective of end users vitally concerned with numbering issues.

II. A CARRIER'S EFFICIENCY IN USING NUMBERING RESOURCES SHOULD BE GAUGED WITH A FLEXIBLE STANDARD.

The NANP employs a uniform 10-digit format, consisting of a three-digit area code, a three-digit central office code, and a four-digit number to identify individual subscriber "lines" within the central office code. Many of the most contentious numbering issues concern the allocation of central office codes among LECs, and whether these carriers should be required to attain specific percentage targets for their

⁵ *Id.*, paras. 116-215.

constantly shifting. Indeed, telephone numbers are the necessary key to establish paths that allow voice and data communications between the public and thousands of government offices, as well as channels that permit communications among government facilities that are vital to the coordination and performance of all official duties.

Section 251(c) of the Communications Act of 1934, as amended, grants the Commission plenary jurisdiction over the North American Numbering Plan ("NANP") and related numbering issues.¹ To fulfill this statutory mandate, the Commission has identified several important requirements: (1) ensure that the limited numbering resources of the NANP are used efficiently; (2) protect consumers, in so far as possible, from expense and inconvenience caused by implementation of new area codes; (3) defer as long as possible the extremely great expense that will be incurred in expanding the NANP; and (4) ensure that all local exchange carriers ("LECs") have the resources they need to compete in the rapidly growing telecommunications marketplace.²

In the Notice, the Commission takes a number of comprehensive and interrelated steps to accomplish these objectives. For example, the Notice contains uniform definitions for categories of numbers and mandatory reporting requirements for utilization of number assignments.³ The Commission also prescribes procedures for verifying the needs for additional numbers by individual carriers.⁴ Perhaps most

¹ Pub. L. No. 104-104, 110 Stat. 56 ("1996 Act"). The 1996 Act amended the Communications Act of 1934, 47 U.S.C. §§ 151-174.

² Notice, para. 1.

³ *Id.*, paras. 10-83.

⁴ *Id.*, paras. 85-112.

use of the numbers within their presently assigned central office codes before they may receive additional codes.

GSA believes that both incumbent and competitive LECs should be required to demonstrate that they are using the presently assigned central office codes efficiently before receiving additional assignments. However, the Commission should not establish uniform fill targets for this process. Reasonable fill percentages depend on many factors. For example, fill rates depend more significantly upon the types of areas that the carrier serves and the length of time that the carrier has been providing service than upon how efficiently the carrier uses numbering resources.

For example, LECs serving urban areas will almost invariably have higher fills than carriers serving less populated regions. In most cases, a carrier serving a “rural” local calling area needs only a single central office code for the area even if it has been providing service there for many years. Similarly, the “new” competitive LEC starts with a single central office code even for an “urban” area. Thus, fills of central office codes are generally low for rural LECs and competitive LECs.

On the other hand, incumbent LECs must employ many central office codes to serve metropolitan local calling areas. Indeed, the incumbent’s older central office codes are almost invariably “filled” before the addition of more codes for the incumbent or the requirements for any codes for a competitor. Thus, if the Commission were to adopt a “uniform” fill threshold, it would unduly burden competitive and rural LECs — a policy contrary to the requirement that numbering administration be competitively neutral.⁶

The demand for telephone numbers by government, business and residential users is dynamic and constantly changing as new services are introduced. Fill

⁶ 47 U.S.C. § 251(e).

percentages have limited value because they look to the past. While fill rates may accurately describe the historical need at a particular location, they have no necessary relationship to future demands.

Furthermore, imposing fill percentage requirements would artificiality limit the geographic scope of carriers' operations. For example, a carrier may presently serve customers in a rate center with a 15 per cent fill of its central office code for that area. Yet, the carrier may see a significant opportunity to attract a sizable customer base in another local calling area in the same area code. If the carrier is denied a central office code to serve the second local calling area because it does not meet the threshold requirement for the initial calling area, the plan has created an artificial barrier to entry.

In comments responding to the Commission's Notice of Proposed Rulemaking released June 2, 1999 in this proceeding, the Ad Hoc Telecommunications Users Committee ("Ad Hoc") addressed some of the numbering issues that are important to large business users.⁷ In its comments, Ad Hoc explained that the costs of telephone number changes are felt acutely by non-profit institutions and government agencies, which must spend limited resources on updating databases and also incur the expense associated with increasingly inaccurate records.⁸ Ad Hoc continued:

[T]he effectiveness of non-profits and government agencies is harmed when the information necessary to stay in contact with those who depend on their services is impaired by the constant flux of telephone numbers.⁹

GSA concurs with these observations by Ad Hoc.

⁷ Comments of the Ad Hoc Telecommunications Users Committee, July 30, 1999.

⁸ *Id.*, p. 5.

⁹ *Id.*

Although hoarding and other inefficient procedures that unnecessarily increase requirements for number changes should be discouraged, GSA believes that the Commission should not interfere with a user's ability to obtain and keep consecutive telephone numbers for direct inward dialing in PBX systems. Thus, GSA concurs with the additional recommendation in Ad Hoc's comments that carriers be allowed to set aside a reasonable reserve of consecutive numbers or individual numbers to fulfill requirements expressed by their customers.¹⁰ The requirement to maintain flexibility in the procedures for estimating future needs for numbers also supports the need for flexibility in gauging central office fills, and demonstrates that the Commission should not employ a fixed threshold as a necessary condition for obtaining additional central office code assignments.

III. THE COMMISSION SHOULD REQUIRE WIRELESS CARRIERS TO PARTICIPATE IN NUMBER POOLING AS SOON AS THEY CAN IMPLEMENT LOCAL NUMBER PORTABILITY

Thousands-block number pooling involves dividing the 10,000 numbers in a central office code into blocks of 1,000 numbers each. All 10,000 numbers must still be allocated within one local calling area, but they can be assigned to multiple service providers in thousand-number blocks.¹¹ For various reasons, the Commission finds that it is impractical to implement thousands-block number pooling for non-LNP-capable carriers.¹²

The Commission has mandated thousands-block number pooling for all carriers that are currently required to be LNP-capable, either because they provide service in one of the 100 largest metropolitan statistical areas ("MSAs") or pursuant to

¹⁰ *Id.*, p. 21.

¹¹ Notice, para. 118.

¹² *Id.*, paras. 136-138.

a request by a competitive LEC.¹³ Commercial mobile radio services (“CMRS”) carriers that are required to have LNP capability at some point are called “covered” carriers. Now, the Commission’s requirements for thousands–block number pooling do not extend to three groups of carriers: (1) “covered” CMRS carriers in the 100 largest MSAs, which will be required to implement LNP by a date certain; (2) wireline and “covered” CMRS providers outside of the 100 largest MSAs, which will be required to deploy LNP only if and when they receive a request from a competing carrier; and (3) “non–covered” CMRS providers, such as paging firms, which are not subject to LNP requirements of any kind.¹⁴

In view of the limitations on the number savings that are achievable if thousands–block number pooling is confined to wireline carriers, the Commission seeks comments on extending the requirements to “covered” CMRS firms. Specifically, the Notice seeks comments on whether these carriers should be required to participate in number pooling immediately upon expiration of the LNP forbearance period for them on November 24, 2002.¹⁵ Alternatively, the Commission could allow some transition period between the time that covered CMRS providers must implement LNP, and the time that they must participate in pooling.¹⁶

The Commission acknowledges that it is in the public interest to require covered CMRS providers to participate in thousands–block number pooling once they have acquired LNP capability.¹⁷ GSA concurs with this position, and urges the Commission to find that thousands–block number pooling for wireless carriers should not be further

¹³ *Id.*, para. 125.

¹⁴ *Id.*, para. 129.

¹⁵ *Id.*, para. 249.

¹⁶ *Id.*

¹⁷ *Id.*, para. 139.

delayed beyond the point when they are LNP-capable. Wireless services are now responsible for a substantial part of the total demand for telephone numbers.¹⁸ Covered CMRS have already received the benefits of substantial deferrals — relative to wireline carriers in corresponding markets — in the requirements to implement LNP. There is no evidence that additional delays are necessary.¹⁹

Wireline and wireless capabilities have become nearly equal components of the telecommunications infrastructure. Indeed, for a large and rapidly increasing group of consumers, wireless has become the primary communications means. It is not reasonable to support a system that requires wireline carriers to participate in number pooling while wireless carriers have no similar number conservation obligations. The Commission should shorten the period for which this inequity exists as much as possible by requiring covered CMRS carriers to implement thousands-block number pooling as soon as they have LNP capability.

IV. THE COMMISSION SHOULD NOT REQUIRE CARRIERS TO PAY FOR TELEPHONE NUMBERS.

The Commission has considered a variety of “alternative approaches” for improving the utilization of numbering resources, including requiring LECs to pay for telephone numbers.²⁰ The Commission now seeks comments on whether a market-based allocation system would increase the efficiency of allocating numbering resources.²¹ Indeed, the Commission suggests that since the objective is not to raise additional funds, fees for numbers could simply offset other payments that LECs make,

¹⁸ *Id.*, para. 140.

¹⁹ *Id.*

²⁰ *Id.*, para. 250.

²¹ *Id.*, para. 251.

such as contributions to universal service or telecommunications relay service ("TRS") programs.²²

From an end user's perspective, GSA opposes implementation of a pricing scheme, either as an independent regulatory framework, or as part of other administrative and numbering optimization procedures that the Commission may adopt. New entrants must incur substantial costs to build networks and attract end users. A system of numbering fees would create an additional market barrier. The largest incumbent carriers and well-capitalized competitors would be the principal beneficiaries of such a regime.

Moreover, charges to carriers for numbers would be the precursor to charges by carriers to end users designed to "recover" the costs they incur. Ultimately, nearly all types of fees, including the Presubscribed Interexchange Carrier Charge ("PICC") and charges for LNP have found their way to bills rendered end users. When a charging system is instituted, it is usually a long while before it goes away. GSA submits that few end users would welcome another line item on their telephone bills, and urges the Commission not to take a step in this direction by charging LECs for telephone number assignments.

V. THE COSTS OF THOUSANDS-BLOCK NUMBER POOLING SHOULD NOT BE RECOVERED THROUGH SPECIFIC CHARGES ON END USERS.

The Commission has tentatively concluded that incumbent LECs under price cap or rate of return regulation may not recover costs directly related to thousands-block number pooling through a Federal charge assessed on end users, but may recover the costs through other mechanisms.²³ Although the Commission has

²² *Id.*

²³ *Id.*, para. 252.

advanced this tentative conclusion, it will not make a final decision on how the costs will be recovered until carriers provide data sufficient to estimate the costs of number pooling with a reasonable degree of accuracy.²⁴ The Commission seeks this cost data in comments responding to the Notice.²⁵

GSA does not have data on the costs of thousands-block pooling. However, regardless of the cost levels that carriers assert, GSA urges the Commission not to allow them to recover the costs through a "Federal charge assessed on end users."

Bills tendered by local exchange and interexchange carriers now contain a multitude of special charges and fees. Probably because recovery through designated extra charges gives the appearance of lower basic rates (since the "extras" are frequently not mentioned), carriers seem reluctant to treat any new cost as a part of general operating expenses.

One major disadvantage of separate charges is that a carrier which can pass through its "costs" has little incentive to reduce them. On the other hand, if number pooling costs are a component of operating expenses, they are at least subject to the same competitive forces as other operating expenses.

Another major disadvantage of separate charges is that they tend to stay in place. For example, the Commission authorized incumbent LECs to recover the costs of implementing LNP through a separate charge on end users.²⁶ Although the charging structure is now set to expire in five years, there is considerable time to revisit and extend the mechanism.

²⁴ *Id.*, para. 253.

²⁵ *Id.*

²⁶ *In the Matter of Long Term Number Portability Tariff Filings*, CC Docket No. 99-35 *et al.*, Memorandum Opinion and Order, released July 16, 1999.

End users are paying more than \$738 million a year to reimburse incumbent LECs for the “costs” of implementing LNP under the prescribed “cost recovery” plan.²⁷ Ad Hoc questions whether consumers are getting their money’s worth because use of LNP should significantly help to reduce the need for additional telephone numbers, but there is no quantitative measure of the extent to which carriers are using LNP for this purpose.²⁸

As an additional cost recovery issue, GSA also urges the Commission not to establish a separate “basket” for LECs under price cap regulation to use in accumulating the costs of number pooling activities. From GSA’s perspective, it is a small step from the use of a cost basket for “accumulating” costs to a charge assessed on end users for “recovering” them.

²⁷ Comments the Ad Hoc Telecommunications Users Committee, July 30, 1999, p. 23, citing *Investigation Produces Lower Number Portability Charges for Customers of Ameritech, GTE, Pacific Band Southwestern Bell*, Report No. 99-35, July 1, 1999, p. 23.

²⁸ *Id.*

VI. CONCLUSION

As a major user of telecommunications services, GSA urges the Commission to implement the recommendations set forth in these Comments.

Respectfully submitted,

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I, MICHAEL J. ETTNER, do hereby certify that copies of the foregoing "Comments of the General Services Administration" were served this 19th day of May, 2000, by hand delivery or postage paid to the following parties.

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